

**DEPARTMENT OF THE TREASURY  
FEDERAL LAW ENFORCEMENT TRAINING CENTER  
GLYNCO, GEORGIA 31524**

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FLETC DIRECTIVE (FD)

NUMBER: 40-04

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Subject:

DATE: 10/30/96

Sunset Review: 10/30/99

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MANAGEMENT ACCOUNTABILITY AND CONTROL

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1. PURPOSE. The purpose of this directive is to establish the policy for monitoring the management accountability and control processes (formerly called the "Internal Control Program") at the Federal Law Enforcement Training Center (FLETC) and to ensure coordination of various initiatives. This directive assigns responsibilities for establishing, evaluating, improving, and reporting on management controls for all program and administrative activities, and for the financial management systems of the FLETC pursuant to the Federal Managers Financial Integrity Act (FMFIA) of 1982, the Chief Financial Officers (CFO) Act of 1990, the Paperwork Reduction Act (PRA) of 1980, the Computer Security Act of 1987, and Office of Management and Budget (OMB) Circulars A-123, A-127, and A-130.

2. SCOPE. This directive covers (1) the conduct of all training programs and their related administrative activities; and (2) the operation of the accounting systems managed by the Budget and Finance Division (BFD) to record and report on the utilization of Federal funds that include the administrative systems of such FLETC functions as Personnel, Procurement, and Property Management which support BFD in the utilization of and accountability for Center resources.

3. CANCELLATIONS.

a. FD 40-04, FLETC Internal Control System, dated March 6, 1991 is superseded.

b. FD 40-05, FLETC Financial Management System, dated March 17, 1987, is cancelled by incorporation.

4. AUTHORITIES.

a. CFO Act; Pub. L. 101-576 (104 STAT 2838).

b. PRA; Pub. L. 96-511 (94 STAT 2812, as amended 44 U.S.C. Chapter 35).

- c. FMFIA; Pub. L. 97-255 (96 STAT 14).
- d. Computer Security Act of 1987; Pub. L. 100-235 (101 STAT 1724).
- e. GAO Policy and Procedures Manual for Guidance of Federal Agencies (Title 2-Accounting).
- f. OMB Circular A-123 (Revised), "Management Accountability and Control, dated June 21, 1995.
- g. OMB Circular A-127, "Financial Management Systems," dated December 11, 1984.
- h. OMB Circular A-130 (Revised), "Management of Federal Information Resources," February 8, 1996.
- i. Federal Information Resources Management Regulation, Part 201-22.

5. REFERENCES.

- a. TD 32-02, "Approval of Financial Management Systems";
- b. Department of the Treasury's Inventory, Tracking and Closure System (ITC) User Manual; and
- c. Department of the Treasury's Federal Managers' Financial Integrity Act Guidelines for Section 2 and Section 4.

6. DEFINITION. Management control is defined as "the plan of organization and methods and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports."

7. INITIATIVES.

- a. FMFIA Management Control. The management control evaluation, improvement, and reporting process conducted in accordance with Section 2 of FMFIA, now codified in 31 U.S.C. 3512(c) and (d)(2)(A). (Also see OMB Circular A-123.)
- b. FMFIA Annual Review of Accounting Systems. The separate evaluation process under Section 4 of the FMFIA addressing the annual review of accounting

systems, now codified in 31 U.S.C. 3512 (d)(2)(b). (Also see OMB Circular A-127, Section 7.b.)

c. OMB Circular A-130, "Management of Federal Information Resources." The ADP management control and review process conducted under OMB Circular A-130 and related Treasury directives.

d. Information Resources Management (IRM) Review. The IRM review process required by the PRA, and the Federal Information Resources Management Regulation, Part 201-22 (Review and Evaluation).

8. POLICY. It is the policy of the FLETC that all offices shall:

a. Establish, maintain, and periodically evaluate the effectiveness of their systems of management control to provide reasonable assurance that government resources are protected against fraud, waste, mismanagement, or misappropriation, and that both existing and new program and administrative activities are effectively and efficiently managed to achieve the goals of the FLETC.

b. Meet the standards prescribed by Federal oversight agencies, including the General Services Administration (GSA), OMB, and the General Accounting Office (GAO).

c. Assure that all levels of management are involved in maintaining the adequacy of controls. New programs shall incorporate effective systems of management control. Evaluation of management controls will be accomplished on a scheduled basis. Managers are responsible for assuring that weaknesses, when detected, are promptly corrected. Internal audits, management control reviews, risk analyses, and other assessments and evaluations shall be coordinated to complement one another with minimum duplication of effort. Management control does not encompass such matters as statutory development or interpretation, determination of program need, resources allocation, rule making, or other discretionary policy-making processes.

9. RESPONSIBILITIES.

a. The Director is responsible for the system of management control at the FLETC and shall:

(1) Identify a Management Control Officer to administer the FLETC management control processes.

(2) Assign responsibility for management control in each assessable unit to an individual manager.

(3) Ensure that the performance work plan for each Senior Executive Service (SES), other Merit Pay, or equivalent employee with significant responsibility for management control contains job elements on addressing management control responsibilities.

(4) Ensure that management control evaluations are performed, follow-up actions are taken, validation of completed actions is accomplished, and appropriate tracking and reporting systems exist to support an annual management control statement to the Secretary.

(5) Provide information on bureau management control programs, as requested, to include reporting requirements listed in paragraph 10.

b. The Management Control Officer is responsible for:

(1) Coordinating the establishment and implementation of management control activities for the FLETC as outlined in Treasury Directive 40-04, Treasury Internal (Management) Control Program, and in Treasury's FMFIA Guidelines for Section 2 and Section 4.

(2) Serving as liaison between the Department of the Treasury; the Director, FLETC; and assigned responsible managers for matters concerning implementation of the management control process.

(3) Evaluating all management control systems on a continuous basis and ensuring that audits, management control reviews, risk assessments, and other evaluations are coordinated to complement one another with a minimum duplication of effort (See paragraph 10.)

(4) Establishing a quality control system to ensure risk assessments, management control reviews, conformance reviews, and other evaluations (1) are conducted conscientiously and in a timely manner; (2) have been fully documented to include testing and coordination with all affected parties; (3) are assigned the appropriate risk level (low, medium, or high); and, (4) where material weaknesses are noted, corrective actions are scheduled.

(5) Providing adequate management control training for managers.

(6) Designing a tracking system to provide necessary information to fully support the FLETC's annual statement to the Secretary.

(7) Ensuring through a validation process that corrective actions taken are effective in providing adequate internal controls.

(8) Preparing a fully supportable annual statement from the Director to the Secretary.

(9) Maintaining, correcting and/or updating the ITC System with

specific data on FLETC FMFIA deficiencies and audit findings (and related items) contained in audit reports of the Office of the Inspector General (OIG), GAO, internal, and independent auditors.

c. Individual managers are responsible for:

- (1) Developing, implementing and maintaining an effective and efficient system of management control for their specific unit.
- (2) Conducting risk assessments, management control reviews, conformance reviews, and other evaluations as scheduled by the Management Control Officer.
- (3) Evaluating the results of the risk assessments and alternative management control reviews.
- (4) Identifying weaknesses and planning appropriate corrective actions for their management control system;
- (5) Conducting Management Control Reviews if planned as a corrective action.
- (6) Submitting accurate and timely status reports of corrective action activities when required by the Management Control Officer and/or Treasury.
- (7) Certifying to the Management Control Officer that management control and accounting systems are functioning in accordance with prescribed standards and meet the stated objectives of control; or, that material weaknesses exist and that appropriate corrective action will be taken within a reasonable period of time.

10. REPORTING REQUIREMENTS.

- a. The ITC system shall be updated as required to ensure that the generated reports correctly reflect the current status of material deficiencies, audit recommendations and applicable corrective action plans.
- b. An annual report shall be submitted to the Director, Accounting and Internal Control (AIC), Department of the Treasury, covering management control activity required under the FMFIA, the PRA, and OMB Circulars A-123, A-127, and A-130.
- c. Special reports for certain management control activity data not in the ITC system database shall be provided as required.
- d. To reduce duplication of effort, data from one report may be used to fulfill other review requirements to the extent that those requirements are met (e.g., an OMB A-130 risk assessment may be used to support an OMB A-123 review).

11. OFFICE OF PRIMARY INTEREST. Management Analysis Division, Office of Administration.

Charles F. Rinkevich  
Director